



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
PO Box 269
TRENTON NJ 08695-0269

NOTICE TO EMPLOYERS

NEW WITHHOLDING RATES EFFECTIVE SEPTEMBER 1, 2004

Recent tax legislation increases the New Jersey gross income tax rates for all taxpayers with gross income over \$500,000. The increase is retroactive to January 1, 2004.

Because of the increase in tax rates, new withholding rates are required. The legislation requires that all employers withhold at the rate of 12% from salaries, wages and other remuneration paid in excess of \$500,000 during the remainder of 2004. This new rate takes effect immediately and must be instituted by all employers no later than September 1, 2004. On January 1, 2005, the top withholding rate is reduced to an annual rate of 9.9%.

Two sets of revised withholding tables for the percentage method of withholding are included with this notice.

The percentage method computation rates in Tables A through E are for weekly, biweekly, semimonthly, monthly, daily or miscellaneous, and annual pay periods. If you have a pay frequency other than those provided, divide the amount of tax to be withheld under the Annual Pay Period column for each rate table (but not the withholding percentage rate) by the number of pay periods in the year.

If you have questions about your responsibilities as an employer, call the Division's Customer Service Center at 609-292-6400 or e-mail us at taxation@tax.state.nj.us. You can also listen to prerecorded tax information by calling our Automated Tax Information Service at 1-800-323-4400.